

Hearing Date: October 16, 2008 at 10:00 a.m.
Objection Deadline: October 10, 2008 at 4:00 p.m.

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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

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In re: : Chapter 11
LEHMAN BROTHERS HOLDINGS, :
INC., *et al.*, : Case No. 08-13555 (JMP)
: (Jointly Administered)
Debtors. :
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**JOINDER OF FEDERAL HOME LOAN BANK OF SEATTLE TO MOTION OF THE
HARBINGER FUNDS FOR LEAVE TO CONDUCT RULE 2004 DISCOVERY OF
DEBTOR LEHMAN BROTHERS HOLDINGS, INC.**

Federal Home Loan Bank of Seattle (“**FHLB**”), by and through its undersigned counsel, hereby respectfully submits this joinder (the “**Joinder**”) to the Motion of Harbinger Funds (the “**Movant**”) for Leave to Conduct Rule 2004 Discovery of Lehman Brothers Holdings, Inc. (the “**2004 Motion**”). In support of its Joinder, FHLB states as follows:

1. Lehman Brothers Holdings, Inc. (“**LBHI**”) filed a chapter 11 petition with this court on September 16, 2008. On October 3, 2008, Lehman Brothers Special Financing, Inc. (“**LBSF**”), an affiliate of LBHI, filed a chapter 11 petition.

2. On June 8, 1995, LBSF and FHLB entered into a bilateral, executory contract whose terms were contained in two documents signed concurrently: (a) an International Swap Dealers Association, Inc. Master Agreement (the “**Master Agreement**”) and (b) an ISDA

Credit Support Annex. The parties subsequently amended the Master Agreement pursuant to a First Amendment dated as of January 4, 2007. FHLB maintains a claim against LBSF for certain amounts resulting from the early termination of the Master Agreement.

3. Pursuant to the terms of the Master Agreement, LBHI unconditionally guaranteed LBSF's obligations under the Master Agreement to FHLB.

4. Pursuant to the 2004 Motion, the Movant seeks discovery under Rule 2004 of the Federal Rules of Bankruptcy Procedure in part to understand and evaluate the movement of property and the transfer of funds between LBHI and its affiliates, including LBSF. The Movant believes that LBHI has information concerning LBHI's and LBSF's transfer of funds and other highly liquid property.

5. Indeed, on October 3, 2008, in its Motion to Continue Using Existing Centralized Cash Management System, LBHI confirmed many of Movant's fears regarding LBHI's internal cash management system (the "**Cash Management Motion**"). The Cash Management Motion states, among other things, that LBHI typically swept cash from accounts maintained by its subsidiaries (including LBSF) into a central operating account and that "excess cash" from LBSF transactions was often transferred to a LBHI account.

6. The information sought in the 2004 Motion will, among other things, clarify the statements made in the Cash Management Motion and allow the parties to track the flow of funds between LBHI and LBSF, among others, in the days prior to LBHI's and LBSF's respective bankruptcy filings. In addition, the information sought in the 2004 Motion will allow creditors to evaluate whether funds belonging to LBSF were transferred to LBHI's non-debtor affiliates or unrelated third parties in the days preceding its bankruptcy filing. Such knowledge

will allow creditors to protect their interests in the event that funds were transferred to entities that are outside of this court's jurisdiction.

7. Efficiency and LBHI's and LBSF's limited resources support consolidation of depositions and discovery requested by creditors. Provided that the parties agree to share all documents produced with other interested creditors and to allow such creditors to participate in the depositions noticed pursuant to the 2004 Motion, creditors will be able to expeditiously gather information concerning the assets and liabilities of LBHI and LBSF in an orderly, cost effective manner for the benefit of LBHI's and LBSF's constituencies.

CONCLUSION

WHEREFORE, Federal Home Loan Bank of Seattle respectfully requests that the Court grant the 2004 Motion, and order that Federal Home Loan Bank of Seattle be granted authority to participate in the depositions to be taken and access to copies of documents and materials produced pursuant to the 2004 Motion, and that this Court grant such other and further relief as may be just and proper.

Dated: October 10, 2008

By: /s/ Erin L. Eliassen
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